GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

STARRED QUESTION NO:550
ANSWERED ON:03.05.2002
SALE OF CEMENT CORPORATION OF INDIA UNITS
SADASHIVRAO DADOBA MANDLIK;SUBODH ROY

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Cement Corporation of India, a public sector company, has decided to sell or close down ten of its units;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether the company intends to refund crores of rupees invested by the people and the financial institutions in the public deposit scheme of the company;

(d) if so, by when and the time stipulated for this purpose; and

(e) the steps taken by the Government to protect the interests of the workers working in these units?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.550 03.05.2002 RAISED BY S/SHRI SUBODH RAY AND SADASHIV RAO DADOBA MANDLIK REGARDING SALE OF CE CORPORATION OF INDIA UNITS.

(a) & (b): Cement Corporation of India Ltd. (CCI) is a sick company under reference to Board for Industrial and Financial Reconstruction (BIFR), a quasi-judicial body.As no credible and viable revival plan emerged, BIFR, in its meeting held on 27.03.2001 directed IFCI, the Operating Agency (OA) to undertake the sale of CCI as a whole or its plants, individually or collectivelySBI Caps has been engaged as the Merchant Banker for this purpose. CCI is a non-strategic PSU. Out of its ten units, only three units viz Tandur in Andhra Pradesh, Bokajan in Assam and Rajban in Himachal Pradesh are operational at present.The remaining seven units of the company have been non-operational for a long time due to various reasons including the severe liquidity crunch. Government have also decided that in the event of sale not materializing in the case of seven non-operational units, action for their closure will be taken. This would not only save the outgo of the payment of idle wages but also remove any uncertainty in the minds of employees about their future.

(c) & (d): In the case of sick companies referred to BIFR, as in this case, the dues of the secured and unsecured creditors are settled as per law which, inter-alia, provides that the dues of the workers and secured creditors are discharged in priority on pari-passu basis and thereafter, out of the remaining amount, if any, the dues of other creditors are discharged.

(e): In the event of sale/divestment of equity in Central Public Sector Undertakings, adequate safeguards are built into the agreements with the prospective buyers/partners to protect the employees interest on issues relating to general service conditions, retrenchment, VRS etc.